KAI SHI CHINA HOLDINGS COMPANY LIMITED

開 世 中 國 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1281)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of Kai Shi China Holdings Company Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2014
(Expressed in Renminbi)

	Note	**2014** **RMB'000**	2013 RMB'000
Continuing operations:			
Turnover	*3(a)*	**61,828**	61,113
Cost of sales		**(41,823)**	(45,073)
Gross profit		**20,005**	16,040
Selling and distribution expenses		**(1,029)**	(1,803)
Administrative expenses		**(6,866)**	(8,554)
Profit from operations		**12,110**	5,683
Finance income		**21**	220
Finance costs	*4(a)*	**(6,220)**	(3,187)

Consolidated Statement of Profit or Loss (Continued)
For the year ended 31 December 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Profit before taxation	*4*	**5,911**	2,716
Income tax	*5(a)*	**(3,696)**	(843)
Profit for the year from continuing operations		**2,215**	1,873
Discontinued operation:			
(Loss)/profit from discontinued operation, net of tax	*6*	**(72,379)**	4,417
(Loss)/profit for the year		**(70,164)**	6,290
Attributable to:			
Equity shareholders of the Company		**(70,164)**	6,290
(Loss)/profit for the year		**(70,164)**	6,290
(Losses)/earnings per share (RMB)	*7*		
Basic:			
Continuing operations		**0.0037**	0.0031
Discontinued operation		**(0.1203)**	0.0073
		(0.1166)	0.0104
Diluted:			
Continuing operations		**0.0037**	0.0031
Discontinued operation		**(0.1193)**	0.0073
		(0.1156)	0.0104

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 December 2014
(Expressed in Renminbi)

	Note	**2014** ***RMB'000***	2013 *RMB'000*
(Loss)/profit for the year		**(70,164)**	6,290
Other comprehensive income for the year (after tax and reclassification adjustments):			
Item that will not be reclassified to profit or loss:			
Surplus on revaluation upon transfer of property, plant and equipment to investment properties		**—**	2,229
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**3,830**	(1,767)
Other comprehensive income for the year		**3,830**	462
Total comprehensive income for the year		**(66,334)**	6,752
Attributable to:			
Equity shareholders of the Company		**(66,334)**	6,752
Total comprehensive income for the year		**(66,334)**	6,752

Consolidated Statement of Financial Position
At 31 December 2014
(Expressed in Renminbi)

		At 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Lease prepayments		**6,331**	6,485
Property, plant and equipment		**12,830**	18,381
Investment properties		**—**	226,800
Total non-current assets		**19,161**	251,666
Current assets			
Lease prepayments		**154**	154
Properties under development		**—**	160,915
Completed properties held for sale		**—**	345,276
Inventories		**18,260**	23,598
Trade and other receivables, deposits and prepayments	*8*	**51,395**	66,171
Cash and cash equivalents		**6,290**	39,104
Pledged deposit		**—**	25,000
		76,099	660,218
Assets of a disposal group classified as held for distribution	*9*	**676,445**	—
Total current assets		**752,544**	660,218
Total assets		**771,705**	911,884
Current liabilities			
Bank loans		**78,000**	118,886
Receipts in advance		**13,646**	21,908
Trade and other payables	*10*	**47,125**	260,321
Current taxation		**7,924**	130,266
		146,695	531,381
Liabilities of a disposal group classified as held for distribution	*9*	**359,570**	—
Total current liabilities		**506,265**	531,381
Net current assets		**246,279**	128,837

Consolidated Statement of Financial Position (Continued)
At 31 December 2014
(Expressed in Renminbi)

		At 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Total assets less current liabilities		**265,440**	380,503
Non-current liabilities			
Deferred tax liabilities		**—**	50,366
Total non-current liabilities		**—**	50,366
Net assets		**265,440**	330,137
Equity			
Share capital	*11(a)*	**4,900**	4,900
Reserves		**260,540**	325,237
Total equity attributable to equity shareholders of the Company		**265,440**	330,137
Total equity		**265,440**	330,137

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

Kai Shi China Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 4 January 2011 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 January 2012.

On 22 November 2014, Mr. Kai Chenglian ("Mr. Kai") and Yi Ming Jia Lin Holdings Company Limited ("Yi Ming Jia Lin"), which was wholly owned by Mr. Kai (collectively the "Vendors"), Longevity Investment Holding Limited ("Longevity") and Mr. Wei Shaojun ("Mr. Wei"), the sole shareholder of Longevity, entered into an agreement (the "Share Sale Agreement") relating to the sale of 450,900,000 shares of the Company held by the Vendors at a price of HK$0.8568 per share. Pursuant to the terms of the Share Sale Agreement, the Company was required, among other things, to carry out an asset reorganisation (the "Asset Reorganisation"), to effect a distribution in specie of shares of a wholly-owned subsidiary of the Company, Kai Shi Holdings Company Limited ("KSH") (the "Distribution In Specie"). The transactions contemplated under the Share Sale Agreement (the "Transactions") were approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 16 January 2015 and completion of the Share Sale Agreement took place on 23 January 2015. For details, please refer to the joint announcement of the Company, the Vendors and Longevity dated 5 December 2014 and the circular of the Company dated 24 December 2014.

Pursuant to the Asset Reorganisation, the Company, among other things, reorganised its subsidiaries into two sub-groups, the KSH Group and the Remaining Group. The KSH Group, comprising KSH and its subsidiaries, is engaged in property development business (the "Distributed Business"). The Remaining Group, comprising the Company, Trade Up Business Limited (the "Remaining Holdco") and its subsidiaries, is engaged in the business of provision of construction and engineering services and manufacture, processing and sales of doors and windows in the People's Republic of China (the "PRC") (the "Retained Business").

Upon completion of the Share Sale Agreement, Longevity became the registered shareholder of 450,900,000 shares of the Company, representing approximately 74.90% of the issued share capital of the Company. The KSH Group was distributed to the shareholders of the Company by way of Distribution in Specie on 26 January 2015.

An offer was subsequently made by China International Capital Corporation Hong Kong Securities Limited ("CICCHKS") on behalf of Longevity to acquire all the issued shares in the Company (other than those already owned or agreed to be acquired by Longevity and parties acting in concert with it) at a price of HK$0.8568 per share and to cancel all outstanding options which have been granted by the Company in accordance with the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") of the Company on 24 June 2011 at a price of HK$0.1368 per share option (the "Listco Offers"). The Listco Offers was closed on 26 February 2015. For details, please refer to the joint announcement of the Company and Longevity dated 5 December 2014 and 26 February 2015 and the composite offer and response document in relation to Listco Offers dated 30 January 2015.

Another offer was made by Kingston Securities Limited on behalf of Yi Ming Jia Lin to acquire all the issued shares of KSH (other than those already owned by Yi Ming Jia Lin and parties acting in concert with it) at a price of HK$0.68 per share ("KSH Offer"). For details, please refer to the joint announcement of the Company, the Vendors and Longevity dated 5 December 2014 and the composite offer and response document in relation to KSH Offer dated 30 January 2015.

Mr. Wei, the sole shareholder of Longevity, has become the ultimate controlling shareholder of the Company upon completion of the Share Sale Agreement.

By a special resolution passed at an extraordinary general meeting of the Company held on 26 March 2015, the English name of the Company was approved to be changed from Kai Shi China Holdings Company Limited to Long Ji Tai He Holding Limited.

The Company is an investment holding company. Following the completion of the Distribution in Specie, the principal subsidiaries of the Company are engaged in the Retained Business.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties are stated at their fair value.

Non-current assets and disposal groups classified as held for distribution are stated at the lower of carrying amount and fair value less costs to distribute.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern. The Directors are of the opinion that, based on detailed review of liquidity requirement and working capital forecast of the Group for the next 12 months, the Group would have necessary liquid funds to finance its working capital and capital expenditure requirements.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following new standards and amendments to IFRSs are relevant to the Group's consolidated financial statements:

- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities
- Amendments to IAS 32, Offsetting financial assets and financial liabilities
- Amendments to IAS 36, Recoverable amount disclosures for non-financial assets
- Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting
- IFRIC 21, Levies

These new standards and amendments to IFRSs have no material impact on the Group's consolidated financial statements as they were consistent with policies already adopted by the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are property development, provision of construction and engineering services and sale of doors and windows. Turnover represents sales value of goods supplied to customers, rental income, income from sales of properties and revenue from construction contracts.

The amount of each significant category of revenue recognised in turnover during the years ended 31 December 2014 and 2013 is as follows:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations:		
Provision of construction and engineering services	**12,445**	31,867
Sales of doors and windows	**49,383**	29,246
	61,828	61,113
Discontinued operation:		
Sales of properties	**20,837**	36,121
Rental income	**5,020**	3,674
	25,857	39,795
	87,685	100,908

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

— Provision of construction and engineering services; and

— Sales of doors and windows

Discontinued operation:

— Property development

No geographic information is shown as substantially all assets, liabilities, turnover and profit from the operations of the Group are derived from activities in the PRC.

(c) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets. Segment liabilities include current liabilities and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "profit after tax".

In addition to receiving segment information concerning profit after tax, management is provided with segment information concerning revenue (including inter segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2014 and 2013 is set out below.

	Continuing Operations			Discontinued Operation	
	Sales of doors and windows *RMB'000*	**Provision of construction and engineering services** *RMB'000*	**Sub-total** *RMB'000*	**Property Development** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2014					
Revenue from external customers	49,383	12,445	61,828	25,857	87,685
Inter-segment revenue	3,137	—	3,137	—	3,137
Reportable segment revenue	52,520	12,445	64,965	25,857	90,822
Reportable segment (loss)/ profit	(694)	2,999	2,305	(72,379)	(70,074)
Interest income from bank deposits	14	7	21	850	871
Interest expense	(4,012)	(2,196)	(6,208)	—	(6,208)
Depreciation and amortisation for the year	(367)	(416)	(783)	(1,786)	(2,569)
Reportable segment assets	171,194	98,949	270,143	693,733	963,876
Additions to non-current segment assets during the year	40,086	—	40,086	—	40,086
Reportable segment liabilities	125,978	85,125	211,103	511,353	722,456

	Continuing Operations			Discontinued Operation	
	Sales of doors and windows	Provision of construction and engineering services	Sub-total	Property Development	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2013					
Revenue from external customers	29,246	31,867	61,113	39,795	100,908
Inter-segment revenue	—	—	—	—	—
Reportable segment revenue	29,246	31,867	61,113	39,795	100,908
Reportable segment (loss)/ profit	(4,394)	6,129	1,735	4,417	6,152
Interest income from bank deposits	206	15	221	184	405
Interest expense	(1,379)	(1,422)	(2,801)	—	(2,801)
Depreciation and amortisation for the year	(303)	(380)	(683)	(2,209)	(2,892)
Reportable segment assets	161,856	208,362	370,218	906,594	1,276,812
Additions to non-current segment assets during the year	16,454	15	16,469	18,057	34,526
Reportable segment liabilities	131,950	197,064	329,014	495,095	824,109

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**90,822**	100,908
Elimination of inter-segment revenue	**(3,137)**	—
Elimination of discontinued operation	**(25,857)**	(39,795)
Consolidated turnover	**61,828**	61,113
Profit		
Reportable segment (loss)/profit	**(70,074)**	6,152
Elimination of inter-segment profits	**(90)**	138
Elimination of discontinued operation	**72,379**	(4,417)
Consolidated profit for the year from continuing operations	**2,215**	1,873
Assets		
Reportable segment assets	**963,876**	1,276,812
Elimination of inter-segment receivables	**(192,171)**	(364,928)
Consolidated total assets	**771,705**	911,884
Liabilities		
Reportable segment liabilities	**722,456**	824,109
Elimination of inter-segment payables	**(238,288)**	(292,728)
Deferred tax liabilities	**22,097**	50,366
Consolidated total liabilities	**506,265**	581,747

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2014		2013	
	Continuing operations *RMB'000*	**Discontinued operation** *RMB'000*	Continuing operations *RMB'000*	Discontinued operation *RMB'000*
(a) Finance costs:				
Interest on bank loans	**6,208**	**—**	2,801	11,761
Interest on other loan	**—**	**472**	—	598
Less: Interest expense capitalised into properties under development *(note)*	**—**	**(472)**	—	(12,359)
	6,208	**—**	2,801	—
Other finance costs	**12**	**196**	386	265
	6,220	**196**	3,187	265

Note: The borrowing costs have been capitalised into properties under development for sale at rates of 7.5% per annum for the year ended 31 December 2014 (2013: from 6.46% to 7.20% per annum).

	2014		2013	
	Continuing operations *RMB'000*	**Discontinued operation** *RMB'000*	Continuing operations *RMB'000*	Discontinued operation *RMB'000*
(b) Staff costs:				
Contributions to defined contribution retirement plans	**846**	**358**	828	453
Salaries, wages and other benefits	**3,685**	**4,662**	4,646	5,074
Equity-settled share-based payment expenses	**1,032**	**—**	1,455	—
	5,563	**5,020**	6,929	5,527
(c) Other items:				
Depreciation	**629**	**1,786**	606	2,209
Amortisation of lease prepayments	**154**	**—**	77	—
Operating lease charges	**720**	**931**	720	—
Net foreign exchange loss	**—**	**136**	373	—
Auditor's remuneration	**680**	**4,700**	—	1,419
Write-down of completed properties held for sale *(note)*	**—**	**34,868**	—	—
Write-down of properties under development *(note)*	**—**	**16,029**	—	—
Loss on disposal of property, plant and equipment	**—**	**—**	3	—
Rentals receivable from investment properties less direct outgoings	**—**	**(5,010)**	—	(3,626)
Cost of inventories*	**38,463**	**—**	22,776	—

* Included in cost of inventories in respect of sales of doors and windows are RMB1,654,000 for the year ended 31 December 2014 (2013: RMB1,722,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in notes 4(b) and (c) for each of these types of expenses.

Note: During the year ended 31 December 2014, certain properties under development and completed properties held for sale were written down to their estimated net realisable value as a result of the downturn of property market in Lvshunkou, Dalian, the PRC and the write-down of properties under development and completed properties held for sale were RMB16,029,000 and RMB34,868,000 respectively. As the related properties under development and completed properties held for sales were related to discontinued operation, the write-down of these properties were recognised in "loss from discontinued operation, net of tax".

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2014	2013
	RMB'000	*RMB'000*
Continuing operations:		
Current tax		
PRC Corporate Income Tax ("CIT")	**3,696**	843
	3,696	843
Discontinued operation:		
Current tax		
PRC CIT	**—**	—
PRC Land Appreciation Tax ("LAT")	**1,684**	2,117
	1,684	2,117
Deferred tax		
Origination and reversal of temporary differences relating to CIT	**(15,865)**	1,720
Origination and reversal of temporary differences relating to LAT	**(12,375)**	4,886
	(26,556)	8,723

(b) Reconciliation between tax expenses and profit before taxation from continuing operations at applicable tax rates:

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation from continuing operations	**5,911**	2,716
Notional tax on profit before taxation from continuing operations, calculated at the rates applicable to profits in the countries concerned	**1,648**	679
Tax effect of non-deductible expenses	**34**	47
Tax effect of Asset Reorganisation	**1,850**	—
Others	**164**	117
Actual tax expenses from continuing operations *(note)*	**3,696**	843

Note: Tax expenses excludes the tax credit from discontinued operation of RMB26,556,000 (2013: charge of RMB8,723,000), which has been included in (loss)/profit from discontinued operation, net of tax in the consolidated statement of profit or loss.

(i) Effective from 1 January 2008, the PRC's statutory income tax rate is 25%.

(ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in these jurisdictions.

No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiary did not earn any income subject to Hong Kong Profits Tax during the year ended 31 December 2014 (2013: nil).

(iii) PRC LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures. LAT paid is deductible expenses for PRC income tax purposes.

A subsidiary of the Group was subject to LAT which is calculated based on 5% to 8% of their revenue in accordance with the authorised tax valuation method approved by the local tax bureau.

The Directors are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging CIT and LAT to the corresponding PRC subsidiary of the Group, and the risk of being challenged by the State Tax Bureau or any tax bureau of higher authority is remote.

(iv) The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise directly.

6 DISCONTINUED OPERATION

The KSH Group was distributed to the shareholders of the Company on 26 January 2015. The KSH Group is engaged in the Distributed Business, which results are presented herein as discontinued operation. The results of the Distributed Business for the years ended 31 December 2013 and 2014 are set out below.

(a) Results of discontinued operation

	Note	**2014**	2013
		RMB'000	*RMB'000*
Turnover	*3(a)*	**25,857**	39,795
Cost of sales		**(63,221)**	(18,859)
Selling and distribution expenses		**(3,216)**	(8,962)
Administrative expenses		**(17,038)**	(12,090)
(Decrease)/increase in fair value of investment properties		**(41,971)**	10,501
Fair value gain upon transfer of completed properties held for sale to investment properties		**—**	2,835
Finance income		**850**	185
Finance costs	*4(a)*	**(196)**	(265)
(Loss)/profit before taxation	*4*	**(98,935)**	13,140
Income tax	*5(a)*	**26,556**	(8,723)
(Loss)/profit from discontinued operation, net of tax		**(72,379)**	4,417

(b) Cash flows generated from/(used in) discontinued operation

	2014	2013
	RMB'000	*RMB'000*
Net cash used in operating activities	**(23,929)**	(90,155)
Net cash used in investing activities	**—**	(3,394)
Net cash generated from financing activities	**23,557**	25,862
Net decrease in cash and cash equivalents of the discontinued operation	**(372)**	(67,687)

7 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

The calculation of basic (losses)/earnings per share is based on the profit attributable to ordinary equity shareholders of the Company from continuing operations and discontinued operation of RMB2,215,000 (2013: RMB1,873,000) and loss of RMB72,379,000 (2013: profit of RMB4,417,000), respectively and the weighted average number of 602,000,000 (2013: 601,075,342) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014	2013
	No. of shares	*No. of shares*
Issued ordinary shares at 1 January	**602,000,000**	600,000,000
Effect of share options exercised	**—**	1,075,342
Weighted average number of ordinary shares at 31 December	**602,000,000**	601,075,342

(b) Diluted (losses)/earnings per share

The calculation of diluted earnings per share from continuing operations and discontinued operation are based on the profit attributable to ordinary equity shareholders of the Company of RMB2,215,000 (2013: RMB1,873,000) and loss of RMB72,379,000 (2013: profit of RMB4,417,000), respectively and the weighted average number of ordinary shares of 606,726,965 (2013: 607,672,452), calculated as follows:

Weighted average number of ordinary shares

	2014	2013
	No. of shares	*No. of shares*
Weighted average number of ordinary shares at 31 December	**602,000,000**	601,075,342
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**4,726,965**	6,597,110
Weighted average number of ordinary shares (diluted) at 31 December	**606,726,965**	607,672,452

8 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade and other receivables, deposits and prepayments in the consolidated statement of financial position comprise:

	2014	2013
	RMB'000	*RMB'000*
Trade receivables		
— Third parties	**35,966**	19,036
	35,966	19,036
Deposits and prepayments	**8,618**	30,867
Other receivables	**1,404**	12,577
Amounts due from subsidiaries	**—**	—
Gross amount due from customers for contract work	**5,407**	3,691
	51,395	66,171

Trade receivables are primarily related to sales of doors and windows and provision of construction and engineering services. Proceeds are paid by instalments in accordance with the terms of corresponding sales and purchase agreements.

The amount of the Group's trade and other receivables expected to be recovered after more than one year is RMB3,223,000 (2013: RMB3,054,000). All of the other trade and other receivables are expected to be recovered within one year.

In respect of sales to third parties, there are specific payment terms stated in the sales and purchase agreements. Normally, the Group does not obtain collateral from customers.

At each of the end of reporting periods, the Group considered whether impairment provision for doubtful debts for trade and other receivables need to be set up and no additional provision was considered necessary at the end of reporting period. Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

(b) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables, deposits and prepayments), based on invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 year (inclusive)	**34,310**	17,328
Over 1 year	**1,656**	1,708
	35,966	19,036

(c) Impairment of trade receivables

No allowance for doubtful debts in respect of trade receivables was recognised as at 31 December 2014 (2013: nil).

(d) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired as follows:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**30,247**	15,669
Less than 1 month past due	**918**	13
Overdue more than 1 month but less than 1 year	**3,144**	1,437
Overdue more than 1 year	**1,657**	1,917
Past due	**5,719**	3,367
	35,966	19,036

9 ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR DISTRIBUTION

The KSH Group was distributed to the shareholders of the Company on 26 January 2015. The KSH Group is engaged in the Distributed Business, which results are presented herein as discontinued operation. The assets and liabilities of the Distributed Business as at 31 December 2014 are set out below.

(a) Assets and liabilities of KSH Group classified as held for distribution

	Note	**31 December 2014** *RMB'000*
Property, plant and equipment		**3,658**
Investment properties		**180,639**
Properties under development		**148,120**
Completed properties held for sale		**306,546**
Trade and other receivables, deposits and prepayments		**35,111**
Cash and cash equivalents		**2,371**
Assets of a disposal group classified as held for distribution		**676,445**
Receipts in advance		**5,533**
Trade and other payables	*(i)*	**222,103**
Current taxation		**109,837**
Deferred tax liabilities		**22,097**
Liabilities of a disposal group classified as held for distribution		**359,570**
Net assets of a disposal group classified as held for distribution		**316,875**

(i) The balance of trade and other payables presented above does not include amount due to the Remaining Group of RMB104,865,000 which was received upon completion of the Transactions in January 2015. The amount due to the Remaining Group was eliminated against the corresponding amount receivables of the Remaining Group in the consolidated financial statements.

(b) Cumulative income or expenses included in other comprehensive income

There are exchange differences on translation of financial statements of overseas subsidiaries of RMB2,063,000 and surplus on revaluation upon transfer of property, plant and equipment to investment properties of RMB2,229,000 included in other comprehensive income relating to the KSH Group.

(c) Measurement of fair values

The non-recurring fair value measurement for the KSH Group of RMB322,944,000 was based on the offer price of the KSH Offer as specified in the composite offer and response document dated in relation to KSH offer dated on 30 January 2015, which has been categorised as a Level 1 fair value.

10 TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**13,278**	63,580
Other payables and accruals	**8,847**	26,626
Amounts due to Yi Ming Jia Lin	**25,000**	25,000
Amount due to a director	**—**	132,616
Amounts due to other related parties	**—**	12,499
	47,125	260,321

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**7,344**	31,597
Over 1 month but within 1 year	**5,113**	18,800
Over 1 year	**821**	13,183
Total	**13,278**	63,580

11 SHARE CAPITAL AND RESERVES

(a) Share capital

(i) *Authorised and issued share capital*

	2014		2013	
	No. of shares	**Amount**	No. of shares	Amount
	'000	*HK$'000*	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**	2,000,000	20,000

Ordinary shares, issued and fully paid:

	2014		2013	
	No. of shares	**Amount**	No. of shares	Amount
		HK$		*HK$*
At 1 January	**602,000,000**	**6,020,000.00**	600,000,000	6,000,000.00
Shares issued for exercise of share options	**—**	**—**	2,000,000	20,000.00
At 31 December	**602,000,000**	**6,020,000.00**	602,000,000	6,020,000.00

As at 31 December 2014, the Company had issued share capital of HK$6,020,000 (2013: HK$6,020,000), which was equivalent to RMB4,900,000 (2013: RMB4,900,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) *Increase in share capital*

There was no change in share capital of the Company during the year ended 31 December 2014.

During the year ended 31 December 2013, 2,000,000 share options were exercised by the Directors and employees of the Group under the Group's Pre-IPO Share Option Scheme. 2,000,000 ordinary shares with par value of HK$ 0.01 each were issued at a consideration of HK$1,440,000 (equivalent to RMB1,143,000), of which HK$1,420,000 (equivalent to RMB1,127,000) were credited to the share premium account. Amount previously recognised in the share-based compensation reserve in connection with these exercised share options of RMB1,150,000 was also transferred to the share premium account.

(b) Dividends

During the year ended 31 December 2014, the Company had not declared any dividend (2013: nil) to the shareholders of the Company.

CHANGE OF CONTROLLING SHAREHOLDER

On 22 November 2014, the Vendors, Longevity and Mr. Wei entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and procure the sale of, and Longevity has conditionally agreed to purchase 450,900,000 shares of the Company (the "Sale Shares"), representing approximately 74.90% of the then entire issued share capital of the Company as at the date of the Share Sale Agreement, at an aggregate consideration of HK$386,331,120, representing HK$0.8568 per Sale Share. The Share Sale Agreement is conditional upon, among other things, completion of the Asset Reorganisation.

Pursuant to the Asset Reorganisation, the Company, among other things, reorganised its subsidiaries into two subgroups, the KSH Group and the Remaining Group. The KSH Group, comprising KSH and its subsidiaries, is engaged in the property development business. The Remaining Group, comprising the Company, the Remaining Holdco and its subsidiaries, is engaged in the business of provision of construction and engineering services (the "Construction and Engineering Business") and manufacture, processing and sales of doors and windows (the "Doors and Windows Business") in the PRC. The Asset Reorganisation, which reorganised the Distributed Businesses under the KSH Group, is necessary to give effect to the Distribution In Specie.

The Distribution In Specie was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 16 January 2015. Completion of the Share Sale Agreement (the "Share Sale Completion") and the Distribution In Specie took place on 23 January 2015 and 26 January 2015, respectively. The KSH Group was then distributed to the then shareholders of the Company by way of Distribution in Specie. Mr. Wei, the sole shareholder of Longevity, has become the ultimate controlling shareholder of the Company upon the Share Sale Completion.

Subsequent to the Share Sale Completion, CICCHKS, on behalf of Longevity and pursuant to Rule 26.1 of the Code on Takeovers and Mergers (the "Takeovers Code"), made the Listco Offers, which was unconditional mandatory cash offers to acquire all the issued Shares (other than those already owned or agreed to be acquired by Longevity and parties acting in concert with it) at a price of HK$0.8568 per share and to cancel all outstanding options at a price of HK$0.1368 per share option. The Listco Offers closed on 26 February 2015. Upon the close of the Listco Offers, Longevity and parties acting in concert with it were interested in an aggregate of 526,980,000 shares of the Company, representing approximately 86.75% of the entire issued share capital of the Company as at the date close of the Listco Offers. The trading of the shares of the Company has then been suspended until the public float of the Company is restored. For details, please refer to (i) the joint announcement issued by the Company, Longevity and the Vendors dated 5 December 2014 in relation to, among other things, the Share Sale Agreement and the Listco Offers; (ii) the circular of the Company dated 24 December 2014 in relation to, among other things, details of the Share Sale Agreement; (iii) the joint announcement issued by the Company and Longevity dated 23 January 2015 in relation to, among other things, the Share Sale Completion; (iv) the composite offer and response documents jointly issued by the Company and Longevity dated 30 January 2015; and (v) the joint announcement issued by the Company and Longevity dated 26 February 2015 regarding the results of the Listco Offers.

KSH offer was made by Kingston Securities Limited on behalf of Yi Ming Jia Lin to acquire all the issued shares of KSH (other than those already owned by Yi Ming Jia Lin and parties acting in concert with it), which was also closed on 26 February 2015. For details, please refer to the (i) the joint announcement issued by the Listco, Longevity, Yi Ming Jia Lin and KSH dated 5 December 2014 in relation to, among other things, the Share Sale Agreement, the Asset Reorganisation, the Distribution In Specie and the KSH Offer; (ii) the circular issued by the Company dated 24 December 2014 in relation to, among other things, details of the Share Sale Agreement, the Asset Reorganisation and the Distribution in Specie; (iii) the joint announcement issued by the Company, Yi Ming Jia Lin and KSH dated 26 January 2015 in relation to, among other things, the completion of Distribution In Specie; (iv) the composite offer and response documents jointly issued by Yi Ming Jia Lin and KSH dated 30 January 2015; and (v) the joint announcement issued by Yi Ming Jia Lin and KSH dated 26 February 2015 regarding the results of the KSH Offer.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Upon the completion of the Distribution In Specie on 26 January 2015, the Group is only engaged in the Construction and Engineering Business and the Doors and Windows Business in the PRC (the "Continuing Operations"), and property development in Dalian, the PRC, undertaken by the Group (the "Discontinued Operation") was distributed to the then shareholders of the Company.

Given that the Discontinued Operation was committed to be distributed to the shareholders of the Company according to the Share Sale Agreement and the Transactions were highly probable as at 31 December 2014, results relating to the Discontinued Operation for the year ended 31 December 2014 have been presented as a single amount in the Group's consolidated statement of profit or loss in accordance with IFRSs and certain comparative figures have been re-presented to conform to the current year's presentation.

The Group's turnover of Continuing Operations for the year was RMB61.8 million (2013: RMB61.1 million). The Group's loss for the year was RMB70.2 million (2013: profit of RMB6.3 million), comprising profit from Continuing Operations of RMB2.2 million (2013: RMB1.9 million) and loss from Discontinued Operation of RMB72.4 million (2013: profit by RMB4.4 million).

Continuing Operations

The Continuing Operations of the Group is principally engaged in the Doors and Windows Business and the Construction and Engineering Business.

The Doors and Windows Business in the PRC of the Group has been carried out by Tianjin Lion Window & Door Co., Ltd. (莱恩(天津)門窗有限公司) ("Lion Tianjin"). Lion Tianjin is a Taiwan, Hong Kong and Macao owned enterprise and was established in the PRC in 2004. Lion Tianjin possesses "Construction Enterprise Qualification Certificate — Metal Doors and Windows Engineering

Projects (First Class)" (門窗工程專業承包一級資質) and "Construction Enterprise Qualification Certificate — Curtail Wall (Third Class)" (幕牆三級資質) qualifications. The registered capital of Lion Tianjin is USD2.88 million.

The products of doors and windows of Lion Tianjin are for domestic sales and are tailor-made in terms of size and materials for the customers of Lion Tianjin. Lion Tianjin has more than 50 customers. Most of the customers are independent real estate developers and construction companies in the PRC. Amongst these customers, some of them, such as a listed company in Hong Kong, have entered into strategic partnership agreement with Lion Tianjin where these customers have agreed to engage Lion Tianjin to provide the relevant products to them on a long term basis. Meanwhile, although some other customers, such as some large property developers and conglomerates state-owned enterprises, did not enter into strategic partnership agreement with Lion Tianjin, these customers have procured doors and windows from Lion Tianjin on a recurring basis whereas other customers may be one-off customers due to the fact that they may only have one property project on hand. The principal products of Lion Tianjin are energy-saving aluminium alloy doors and windows, uPVC doors and windows and curtain wall whilst the principal raw materials required for the production of doors and windows are glasses, aluminium alloy and plastic steel.

In June 2013, Lion Tianjin has completed the acquisition of a parcel of land with a site area of approximately 21,810 square meters ("sq.m.") at Airport Economic Zone in Tianjin (天津空港經濟區) and an existing plant erected thereon (with a gross floor area ("GFA") of approximately 3,704 sq.m.). On 16 December 2014, Lion Tianjin acquired the ownership certificate of such plant.

The Construction and Engineering Business in the PRC of the Group has been carried out by Dalian Kai Shi Construction and Engineering Co., Ltd. (大連市開世建設工程有限公司) ("Kai Shi Construction and Engineering"). Kai Shi Construction and Engineering is a company established in the PRC in 2010 and the registered capital of Kai Shi Construction and Engineering is RMB6 million. Kai Shi Construction and Engineering has obtained the Earthwork Engineering Qualification (土石方工程專業資質), the qualification as general contractor of housing construction projects (房屋建築施工總承包資質), the qualification as general contractor of municipal public projects (市政公用工程施工總承包資質), the qualification as professional contractor of electromechanical equipment installation (機電設備安裝專業承包資質) and the qualification as professional contractor of construction waterproofing (建築防水工程專業承包資質).

FINANCIAL REVIEW

Turnover and Gross Profit

Turnover and gross profit from the Continuing Operations amounted to RMB61.8 million (2013: RMB61.1 million) and RMB20.0 million (2013: RMB16.0 million), respectively. The increase in revenue and gross profit was mainly due to sizable project contracts obtained by the Doors and Windows Business in late 2013 with higher margin contribution, such as "Polar City phase IV"(太陽城

四期), "Chun Ze Yuan phase I" (春澤苑一期) and "Jie Fang South Road" (解放南路), which were completed in 2014. Accordingly, relevant revenue was recognised in 2014, which resulted in an increase in turnover.

Selling and distribution expenses

As Kai Shi Construction and Engineering acquired more qualifications at the beginning of 2014 and its business are mainly from the recurring customers, the selling and distribution expenses of the Construction and Engineering Business in 2014 decreased, which is the main reason for the decrease in the selling and distribution expenses of the Continuing Operations.

Administrative expenses

The administrative expenses arising from the professional services fees incurred by the Group in the second half of year 2014 was borne by the KSH Group in accordance with the Share Sales Agreement. Accordingly, the administrative expenses of the Group in 2014 decreased by RMB1.7 million.

Net finance costs

The finance costs for 2014 amounted to RMB6.2 million, increased by 95% as compared with that of 2013, because bank loans were obtained in the middle of 2013, which only had half-year effect in 2013.

Income tax

The income tax expenses in 2014 increased by approximately RMB2.8 million, which was mainly due to:

— the increase in profit before taxation; and

— the incoming tax expenses in relation to investment income earned by Lion Tianjin during the reorganisation process.

Discontinued Operation

The KSH Group was principally engaged in property development in Lvshunkou District, Dalian, the PRC, which involved the sales of completed properties of the Kai Shi Jia Nian project and the Kai Shi Xi Jun project, which was still under development.

Kai Shi Jia Nian Phase I (completed properties)

Kai Shi Jia Nian Phase I occupies a site area of approximately 97,318 sq.m. and has GFA of approximately 155,186 sq.m. It mainly comprises 13 blocks of low-rise apartments, five blocks of mid-rise apartments, two blocks of high-rise apartments, a 2-storey basement comprising 796 underground car-parking spaces and 191 underground garages, a canteen and warehouses, and one four-storey composite building for office or commercial use.

Kai Shi Jia Nian Phase II (completed properties)

Kai Shi Jia Nian Phase II occupies a site area of approximately 61,866 sq.m. and has GFA of approximately 84,042 sq.m. It comprises several residential parts, namely (i) Lucca's Noble Villa (盧卡藝墅) which mainly includes upscale properties such as 2 blocks of low-rise structures, 22 blocks of townhouses, a kindergarten, 10 blocks of two-family house, a single-family house and a western food restaurant; and (ii) Scenery (景緻) which mainly includes 4 mid-rise apartments, underground carparking spaces and garages of approximately 9,723 sq.m. and 4 blocks of multi-storey composite buildings which are intended for commercial/retail use.

Kai Shi Jia Nian (investment properties)

As at 31 December 2014, the market value of the Group's investment properties including approximately 47,084 sq.m.*(Note 1)* of Kai Shi Jia Nian Phase I and approximately 2,770 sq.m.*(Note 2)* of Kai Shi Jia Nian Phase II in total amounted to approximately RMB180.6 million based on an appraisal report as at 31 December 2014 prepared by Grant Sherman Appraisal Limited.

Notes:

(1) The GFA of approximately 47,084 sq.m. mainly includes portion of Level 1, Level 3 and 4 of the composite building, the carparking spaces on basement levels 1 and 2 and portion of basement level 2 of Kai Shi Jia Nian Phase I.

(2) The GFA of approximately 2,770 sq.m. is comprised mainly of various commercial units and a kindergarten.

Kai Shi Xi Jun (property under development)

Kai Shi Xi Jun project occupies a total site area of approximately 155,438 sq.m. and has GFA of approximately 158,238 sq.m. It was planned to be developed for 3 phases. As at 31 December 2014, the construction of phase I and part of phase II was completed and the construction of the other part of phase II and phase III is subject to the market condition and permission of construction granted by the PRC government.

The fluctuation of loss from the Discontinued Operation by RMB76.8 million was mainly due to the decrease in fair value of investment properties by RMB42.0 million and write-down of completed properties held for sale and properties under development by RMB50.9 million. The reasons for such fluctuation were as follows:

— the negative impact of the downturn of the property market in Lvshunkou District, Dalian, the PRC during 2014, which significantly affected the sales of properties of the Discontinued Operation; and

— the decrease in fair value of investment property was also resulted from the decrease in the rental ratio of underground car parking spaces and garages under the scope of investment property. It has also been affected by the condition of overground car parking, which became free to use according to the Dalian local government policy.

Liquidity, financial and capital resources

Cash position

As at 31 December 2014, the bank balance and cash amounted to approximately RMB6.3 million, decreasing greatly as compared with that of 2013. It is mainly due to the operating cash outflows during the year. Also, the balance as at 31 December 2013 represented the amount of the whole Group, whilst the balance as at 31 December 2014 included the balance of the Remaining Group only.

Total current assets and liquidity ratio

As at 31 December 2014, the total current assets and liquidity ratio (total current assets/total current liabilities) were approximately RMB752.5 million (2013: RMB660.2 million) and 1.48 (2013: 1.24), respectively. The increase in total current assets was mainly because the balance as at 31 December 2014 included investment properties of RMB180.6 million (presented as assets held for distribution under current assets), which was previously included in non-current assets. The liquidity ratio decreased mainly in line with the decrease in current assets.

Bank borrowings and pledge of assets

Bank loans of the Group as at 31 December 2014 were approximately RMB78.0 million (2013: RMB118.9 million), which were secured by the investment properties and property, plant and equipment of the KSH Group with carrying value of RMB20.0 million and RMB2.1 million, respectively, and the properties owned by a related party controlled by the then controlling shareholder of the Company. Pursuant to the Asset Reorganisation, the Company repaid the bank loans step by step so as to release all the guarantees and securities given by the KSH Group in favour of the Remaining Group and vice versa.

The remaining bank loans as at 31 December 2014 of RMB78.0 million were subsequently paid off prior to the date of Share Sale Completion on 23 January 2015.

Gearing Ratio

The following table sets out the calculation of the gearing ratio of the Group as at the date indicated:

	31 December 2014 *RMB'000*	31 December 2013 *RMB'000*
Bank loans	**78,000**	118,886
Less: Cash and cash equivalents	**(6,290)**	(39,104)
Net debt	**71,710**	79,782
Total equity	**265,440**	330,137
Total capital (Net debt plus total equity)	**337,150**	409,919
Gearing ratio (Net debt/total capital)	**21.3%**	19.50%

As at 31 December 2014, the gearing ratio of the Group amounted to 21.3%, which was comparable with the year of 2013 of 19.5%.

Interest rate risk

The Group's interest rate risk arises primarily from its bank loans, which expose the Group to interest rate risk. The bank loans bear interest ranging from 7.20% to 7.50% per annum for 2014 (2013: 1.21% to 7.20% per annum). As the Group has paid off the bank loans in January 2015, the Group is not exposed to interest rate risk after the repayment of bank loans.

Exchange risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group currently did not have a policy on foreign currency risk as it had minimal transactions denominated in foreign currencies in 2014 and the impact of foreign currency risk on the Group's operation is minimal.

Capital commitments

The Group had no significant capital commitments as at 31 December 2014.

Contingent liabilities

As at 31 December 2014, the Group did not have any material contingent liabilities.

Employees

The Group had 149 employees as at 31 December 2014 (2013: 162 employees). The Continuing Operations had 98 employees as at 31 December 2014 (2013: 96 employees) and the Discontinued Operations had 51 employees as at 31 December 2014 (2013: 66 employees).

According to the Share Sales Agreement, the KSH Group entered into employment contracts with those employees who had been transferred from the Remaining Group to the KSH Group and vice versa.

In order to attract and retain high-caliber employees to ensure smooth operation and cater for the Group's constant expansion, the Group offers competitive remuneration packages, with reference to market conditions and individual qualifications and experience. Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal government authorities whereby the Group is required to make contributions to the Schemes at the rate of 18% and 20% of the eligible employees. The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above.

Pre-IPO Share Option Scheme and Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on 24 June 2011. As at 31 December 2014, there were 11,140,000 outstanding share options (the "Options") under the Pre-IPO Share Option Scheme. As at the date of this announcement, all outstanding Options granted under the Pre-IPO Share Option Scheme have either been exercised or lapsed following the close of the Listco Offers.

The Company also adopted a share option scheme (the "Share Option Scheme") on 22 November 2011 (details of which are set out in the paragraph headed "Share Option Scheme" in Appendix VII "Statutory and General Information" of the prospectus of the Company dated 30 December 2011 (the "Prospectus")). As at 31 December 2014, no share options was granted under the Share Option Scheme.

MARKET OUTLOOK

Following the Group's Asset Reorganisation and the Distribution In Specie, the primary businesses of the Remaining Group will be the Doors and Windows Business and the Construction and Engineering Business, which were previously concentrated around two large cities in China, namely Tianjin and Dalian, respectively. As in line with the change of the Group's controlling shareholder, Mr. Wei and Longjitaihe Industry Co., Ltd. (the "Longjitaihe Group"), an entity controlled by Mr. Wei, will promote further development of these two business segments by utilising their relevant backgrounds, experience, resources, network, etc.

Longjitaihe Group is a corporate group founded by Mr. Wei back in 2002. After more than a decade of development, Longjitaihe Group has become one of the Top 500 PRC Enterprises, the Top 100 PRC Real Estate Enterprises and the Outstanding Commercial Real Estate Enterprises in China. Longjitaihe Group has three core businesses, namely residential real estate development, professional market development and operation and new energy. Its real estate projects are primarily situated within the Beijing-Tianjin-Hebei Capital Economic Circle, and it is a leading real estate developer in the said region.

With the government's initiative to integrate Beijing, Tianjin and Hebei provinces rising to the level of national development strategy, the Group, with the support of Longjitaihe Group, will consider to further expand its business in Beijing, Tianjin or Hebei provinces when opportunities arose. In addition, the Group will further formulate a sound and long-term operational strategy and look for other business or investment opportunities for its sustainable development and income and asset diversification in future, such as real estate development and management in the PRC.

USE OF PROCEEDS FROM IPO

Trading of shares in the Company on the Main Board of the Stock Exchange commenced on 12 January 2012 and the Group raised net proceeds of approximately RMB81.0 million from the initial public offering (the "IPO Proceeds").

The details of use of the IPO Proceeds as at 31 December 2014 were as follows:

Purpose disclosed in the Prospectus ***(Note 1)*** **and subsequent changes**	**Amount allocated as provided in the Prospectus and subsequent re-allocation** ***(Note 2)*** *RMB'000* (approximately)	**Amount utilised up to 31 December 2014** *RMB'000* (approximately)
Acquisition of land in Beihaijiedao and Airport Economic Zone and the existing plant erected thereon *(Note 2)*	35,700 (equivalent to 44.1% of the net proceeds) *(Note 2)*	35,700 *(Note 2)*
Development of Kai Shi Xi Jun	8,100 (equivalent to 10% of the net proceeds)	8,100
Payment of construction contract works and cost of materials for production	29,100 (equivalent to 35.9% of the net proceeds)	29,100 *(Note 3)*
General working capital	8,100 (equivalent to 10% of the net proceeds)	8,100

Notes:

1. The detailed proposed application of the IPO Proceeds was set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

2. As mentioned in the Prospectus, 80% of the net proceeds from the share offer was earmarked for the acquisition of land in Beihaijiedao that is near to Kai Shi Xi Jun for the future development of real estate residential project and as the headquarters of the Group. It was expected that 40% of the total estimated net proceeds would be used by the first quarter of 2012 and the remaining 40% would be used by July 2012. Due to the uncertainty of the PRC government's policies regarding the property market and there is no concrete timetable for the land bid, auction and listing from the relevant government authority of Dalian Lvshunkou, the Directors made certain adjustments for the use of the IPO Proceeds and reallocated approximately 26% of the acquisition proceeds (the "Acquisition Proceeds") from the acquisition of land in Beihaijiedao to acquire an identified land situate at Industrial lot 04-23-2 in Airport Economic Zone and the existing plant erected thereon by Lion Tianjin as its production plant for processing and producing windows and doors. The remaining balance of the Acquisition Proceeds will continue to be placed into a bank savings account of the Group pending the identification of a suitable piece of land in the vicinity of Kai Shi Xi Jun. For details, please see the announcement of the Company dated 25 April 2013.

   Subsequent to the above announcement, Lion Tianjin acquired a piece of land with a site area of 21,810 sq.m. and plant with a total GFA of 3,703.70 sq.m., upon the payment of the entire consideration of approximately RMB16.5 million at the end of June 2013, the land and the plant had been delivered to Lion Tianjin and then its preparatory work for operation had been conducted gradually.

As to the remaining balance of the Acquisition Proceeds, an aggregate prepayments of approximately RMB19.2 million was paid to Land Resources Bureau of Dalian Lvshunkou for the land acquisition of two plots of land respectively located in Beihaijiedao with a site area of approximately 27,941 sq.m. and 45,519 sq.m. Such prepayments are refundable if the Group did not purchase such plots of land during final tender, auction and listing procedure.

3. As mentioned in the 2013 annual report and the announcement of the Company dated 13 June 2014, the remaining IPO Proceeds intended to be used for the acquisition of land in Beihaijiedao (the "Remaining IPO Proceeds") amounted to approximately RMB29.1 million. As there is still no concrete timetable for the land bid, auction and listing of suitable land in Beihaijiedao from the relevant government authority of Dalian Lvshunkou and in view of a sluggish real estate market in the PRC and the decrease in the commodity housing sale and purchase in the past few months compared with the corresponding period, the Board has carried out a review of the intended use of the Remaining IPO Proceeds. After careful consideration and detailed evaluation of the Group's operation and the development of the real estate market in Dalian, the PRC, the Board has resolved that the Company will continue to maintain a cautious and rational approach in any acquisition of land and will not consider in bidding any land in the near future and that the Remaining IPO Proceeds will be re-allocated from the acquisition of land in Beihaijiedao to the Group's payment of construction contract works and cost of materials for production. For details, please see the announcement of the Company dated 13 June 2014.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2014 (2013: Nil).

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules as its own code of corporate governance.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. For the year ended 31 December 2014, Mr. Kai Chenglian is the chairman of the Board and chief executive officer of the Company in the view of his experience in the relevant businesses carried out by the Group and his role as the Company's founder. Upon the recent change in management, Mr. Wei Shaojun (appointed on 30 January 2015) is the chairman of the Board and chief executive officer of the Company. In view of Mr. Wei Shaojun's extensive experience in several businesses and his wealth of practical and management experience, the Board considered that vesting the roles of chairman and chief executive officer in the same individual is beneficial to the business prospects and management of the Company. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge and experience can be identified within or outside the Group, the Company may make necessary arrangements.

Save as disclosed herein, the Company was in compliance with the code provisions set out in the CG Code throughout the year ended 31 December 2014. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. After making specific enquiries, all of the Directors who held their office during the reporting year have confirmed that they had complied with the required standard set out in the Model Code throughout the reporting year.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), comprising the three independent non-executive Directors, has reviewed the Group's consolidated financial statements together with the management and external auditor for the year ended 31 December 2014. The Audit Committee is of the opinion that such statements have complied with the applicable accounting standards, and the Stock Exchange and legal requirements, and that adequate disclosures have been made.

CHANGE OF COMPANY NAME

On 26 March 2015, a special resolution in relation to the name of the Company be changed from "Kai Shi China Holdings Company Limited開世中國控股有限公司" to "Long Ji Tai He Holding Limited隆基泰和控股有限公司" (the "Change of Company Name") has been approved by the shareholders at the extraordinary general meeting. The Change of Company Name is also subject to approval of the Registrar of Companies in the Cayman Islands and will take effect from the date of entry of the new name of the Company on the register maintained by the Registrar of Companies in the Cayman Islands. The Company will then carry out all necessary filing procedures with the Registrar of Companies in the Cayman Islands and the Companies Registry in Hong Kong in due course.

CHANGE OF COMPANY WEBSITE

The Company's website will be changed from "www.kaishichina.com" to "www.ljth.hk" with effect from 1 April 2015.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2014 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ljth.hk), and the 2014 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Kai Shi China Holdings Company Limited
Wei Shaojun
Chairman

Hong Kong, 30 March 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Wei Shaojun, Ms. Zhen Xiaojing, Ms. Zhao Hua and Mr. Li Hai Chao and the independent non-executive Directors of the Company are Mr. Li Chun, Mr. Han Qinchun and Mr. Liu Da.